Logistics Modernization Program (LMP)

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HQ AMC
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Agenda

- Background
- Acquisition Impacts
- Status

ERP – The Enterprise Business Solution

Weapon Systems

Asset Lifecycle Management

Soldier

Customer Relationship Management

mySAP PLM

mySAP SRM

mySAP ERP
Financials
Human Resources
Corporate Services
Operations

mySAP CRM

mySAP SCM

SAP NetWeaver

Supplier

Supplier Relationship Management

Supply Chain Partner

Supply Chain Collaboration and Optimization

An Enterprise Resource Planning (ERP) system integrates units and “all” functions across an organization into an IT architecture, configured to serve the unique knowledge requirements of units

ESSENTIAL IN PEACE, INDISPENSABLE IN

Single Army Logistics Enterprise (SALE)

- End to End Business View -

Army Logistics Enterprise

LMP

Master Data Management

PLM+

Information Exchange

GCSS Army

Defense Finance & Accounting Service (DFAS)

Defense Automatic Addressing System Center (DAASC)

Personnel Systems

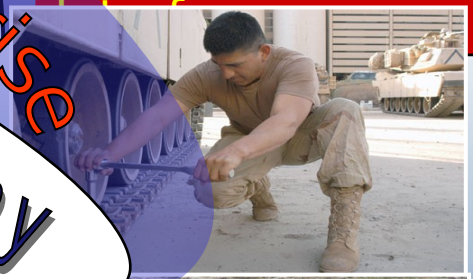
External

Original Equipment Manufacturer (OEM)

Defense Logistics Agency (DLA)

TRANSCOM

External Interfaces



- LMP: Logistics Modernization Program
- GCSS Army: Global Combat Support System Army
- PLM+: Product Life-cycle Management Plus

ESSENTIAL IN PEACE, INDISPENSABLE IN

LMP Acquisition Strategy

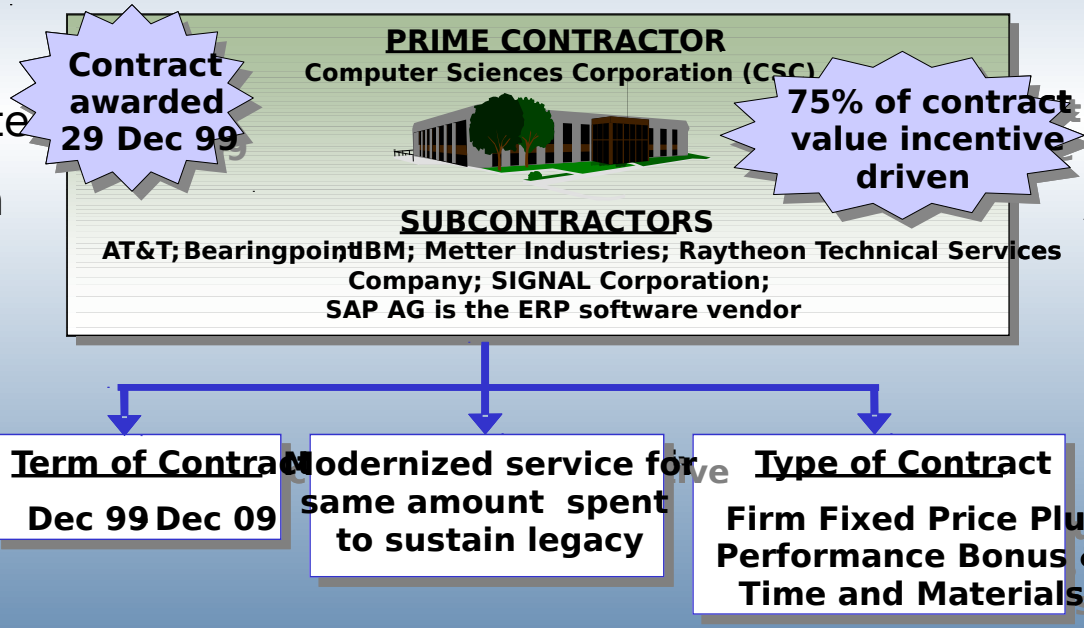
- AMC Corporate decision to "get out of the software coding business"

AND

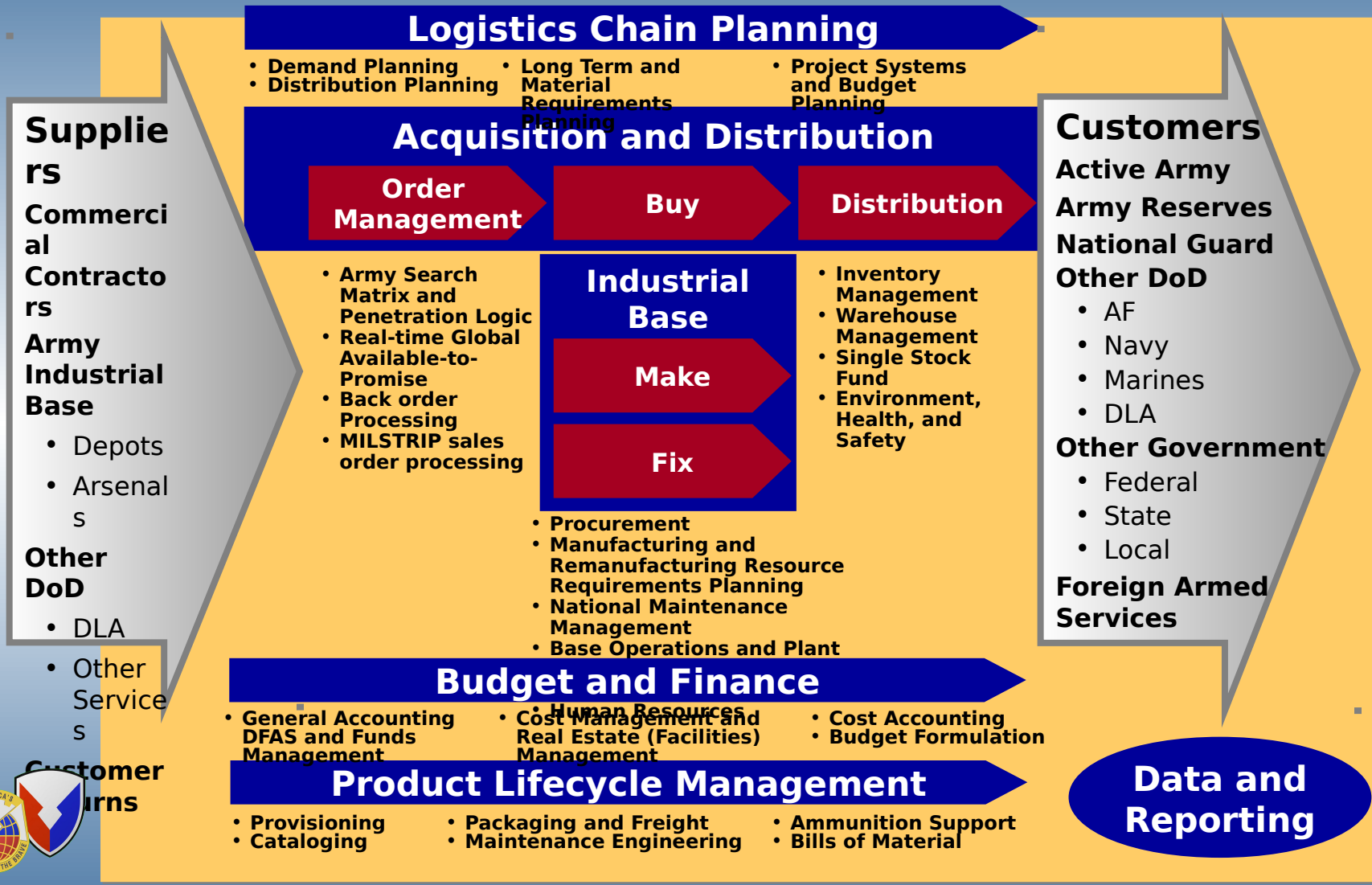
modernize Logistics Business Processes at the same time

  - Outsource the entire Logistics System sustainment and modernization
  - Utilize funding associated with sustainment of legacy Logistics Systems (CCSS/SDS)
  - Contract for total "Service" sustainment/modernization solution over 10 years

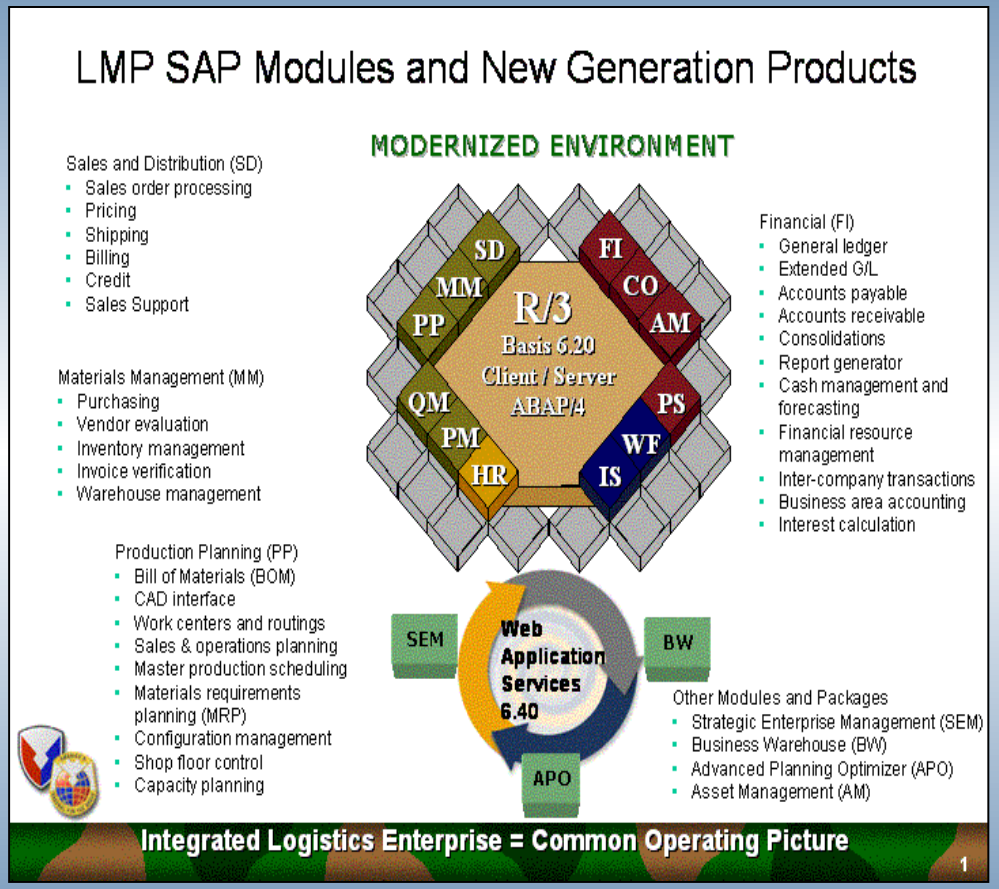
- Unique Outsourcing Acquisition Strate
- First A-76 Cost Comparison Waiver in Army
- "Soft Landing" for CDA employees
- Fully Embraced FAR 15 Rewrite:
  - Advisory Multi-Step (First in the Army
  - Openness (Provided Evaluation Reports to Offerors)
  - Bargaining (The way Industry Buys)


Contract awarded 29 Dec 99
PRIME CONTRACTOR
Computer Sciences Corporation (CSC)
75% of contract value incentive driven
SUBCONTRACTORS
AT&T; Bearingpoint; IBM; Metter Industries; Raytheon Technical Services Company; SIGNAL Corporation;
SAP AG is the ERP software vendor
Term of Contra
Dec 99 Dec 09
Modernized service for same amount spent to sustain legacy
Type of Contract
Firm Fixed Price Plu
Performance Bonus
Time and Materials

Processes


Logistics Chain Planning
• Demand Planning
• Distribution Planning
• Long Term and Material Requirements Planning
• Project Systems and Budget Planning
Acquisition and Distribution
Order Management
Buy
Distribution
Suppliers
Commercial Contractors
Army Industrial Base
• Depots
• Arsenals
Other DoD
• DLA
• Other Services
Customer returns
• Army Search Matrix and Penetration Logic
• Real-time Global Available-to-Promise
• Back order Processing
• MILSTRIP sales order processing
Industrial Base
Make
Fix
• Inventory Management
• Warehouse Management
• Single Stock Fund
• Environment, Health, and Safety
Customers
Active Army
Army Reserves
National Guard
Other DoD
• AF
• Navy
• Marines
• DLA
Other Government
• Federal
• State
• Local
Foreign Armed Services
• Procurement
• Manufacturing and Remanufacturing Resource Requirements Planning
• National Maintenance Management
• Base Operations and Plant
• Human Resources
Budget and Finance
• General Accounting DFAS and Funds Management
• Cost Management and Real Estate (Facilities) Management
• Cost Accounting
• Budget Formulation
Product Lifecycle Management
• Provisioning
• Cataloging
• Packaging and Freight
• Maintenance Engineering
• Ammunition Support
• Bills of Material
Data and Reporting

Solution

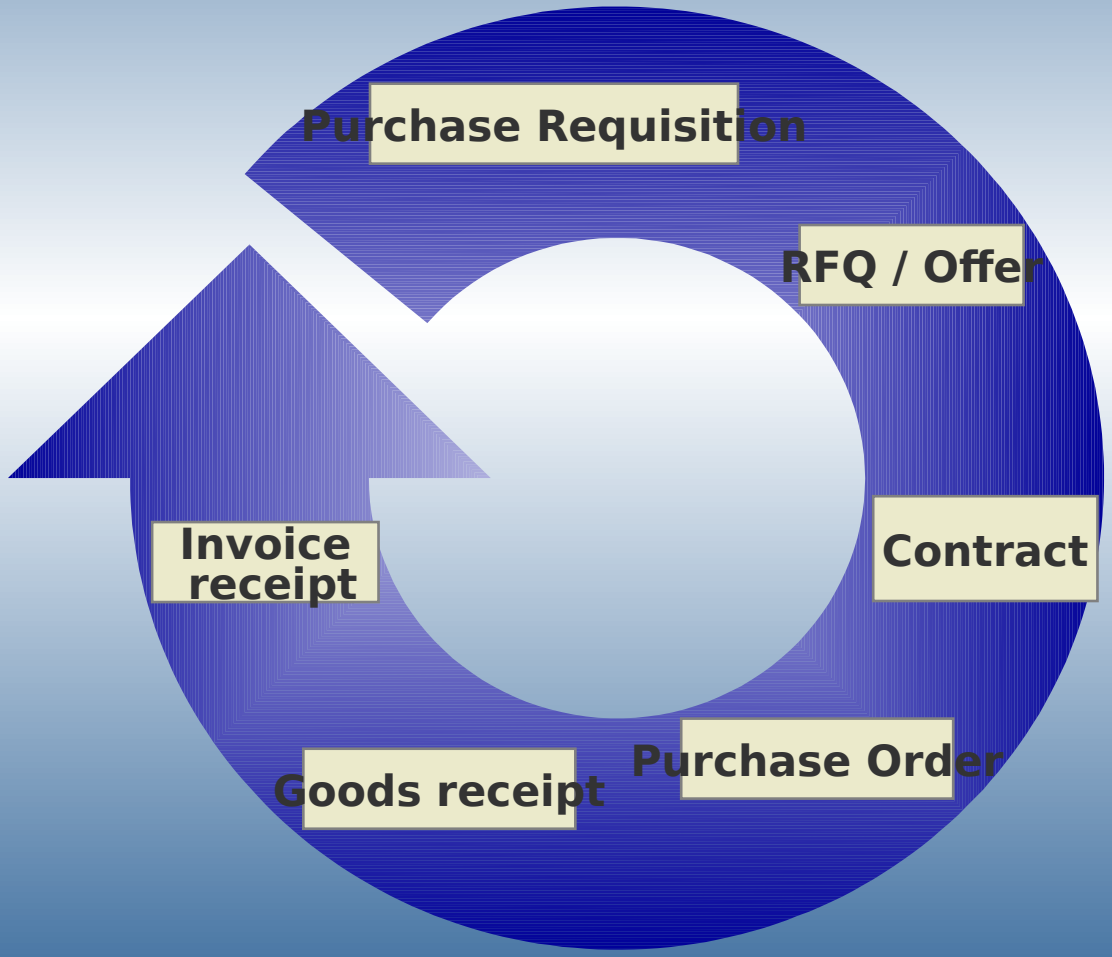


LMP Architecture Attributes

- SAP based
  - SAP R/3 Version 4.6c (merged Public Sector and Aerospace and Defense solutions)
  - SAP suite of new generation tools; Advanced Planning and Optimizer, Business Warehouse and Strategic Enterprise Management
- Uses SeeBeyond to interface with external trading partners
- Functional process flows will be documented in SAP Solution Manager
- Will extend solution to Fixed-Base Installation ERP requirement
- Solution focused around 8 major business areas

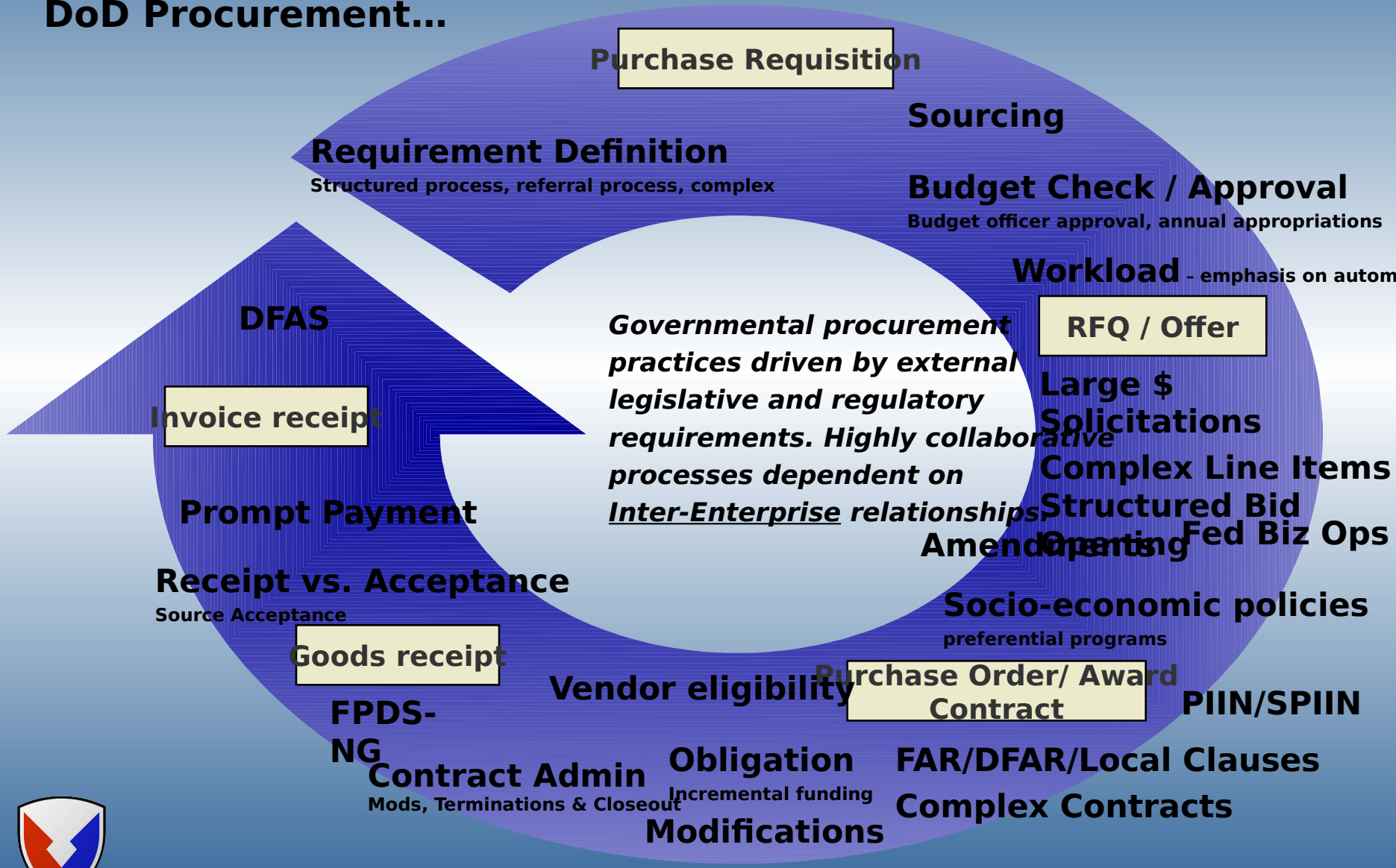
ERP & DoD Procurement - Problem

Commercial ERP solutions such as SAP have a simple view of procurement…



ERP & DoD Procurement - Problem

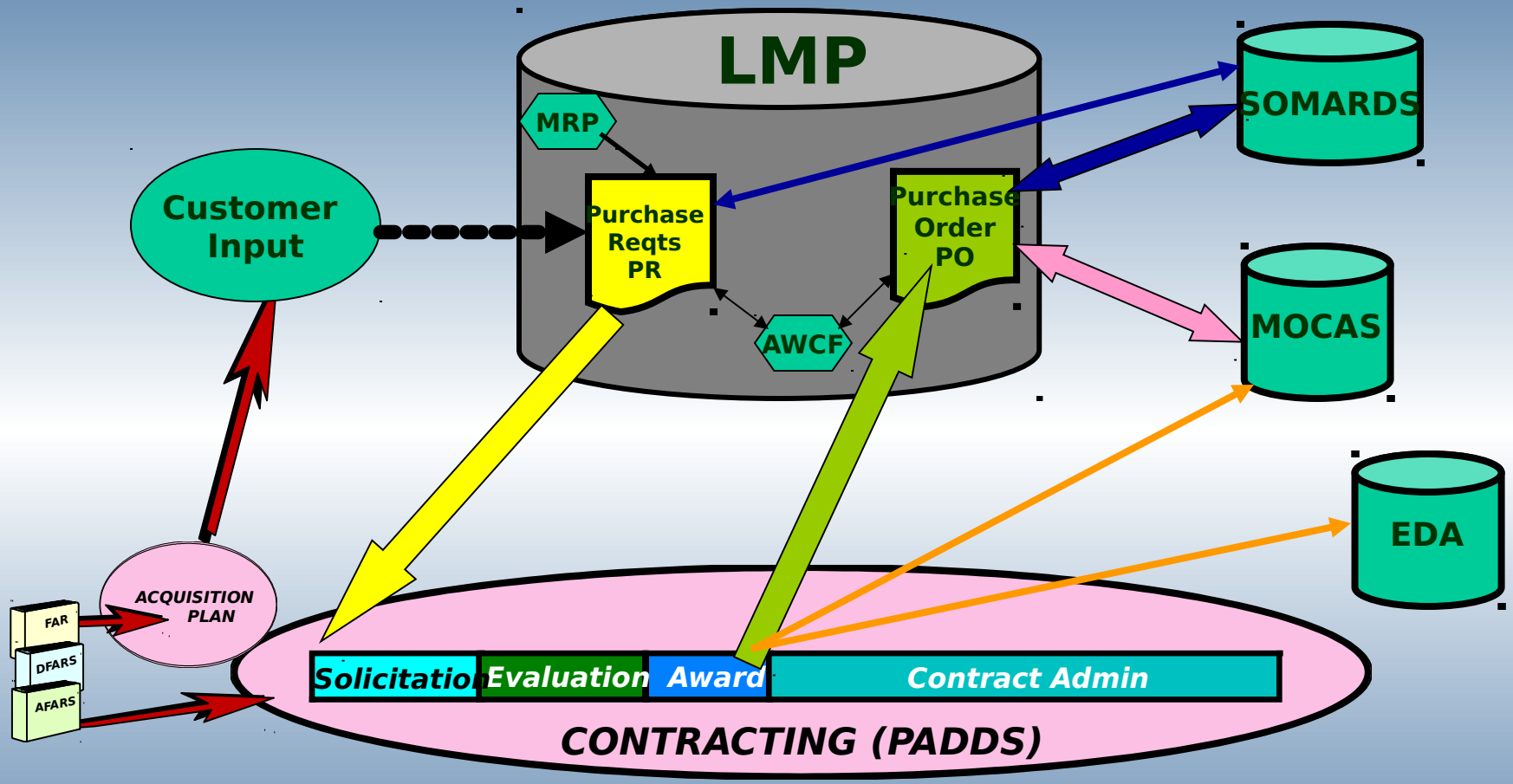
Simple ERP view does not fit the complex world of Federal and DoD Procurement…



Governmental procurement practices driven by external legislative and regulatory requirements. Highly collaborative processes dependent on Inter-Enterprise relationships.

ESSENTIAL IN PEACE, INDISPENSABLE IN

Acquisition Functional Flows



MRP – Manufacturing Resource Planning
AWCF – Army Working Capital Fund
SOMARDS – Standard Operations and Maintenance Army Research and Development System

MOCAS – Mechanization of Contract Administration System
EDA – Electronic Document Access
PADDS – Procurement Automated Data and Documents System

Status

- Initial “go-live” at pilot sites (CECOM) in Jul 03
- Currently working stabilization actions to correct issues from pilot site deployment
- Second deployment tentatively scheduled for 2nd qtr FY05 at AMCOM sites
- Third deployment includes remainder of AMC sites

Potential for Future

- Integration with supplier's management information systems
  - Better visibility of emerging requirements
  - Visibility of supplier's inventory
  - Increased utilization of direct vendor delivery
- Better capability to manage internal industrial operations (depots, arsenals, GOCOs) by extending ERP to shop floor.
- Integration with other services ERPs
- Integration with financial ERPs.